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# A BILL FOR AN ACT

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RELATING TO AN EARNED INCOME DISREGARD PROGRAM.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that Act 200, Session  
2 Laws of Hawaii 2012, established a joint legislative task force  
3 to explore the possibility of implementing a medicaid buy-in  
4 program for individuals with disabilities who either are not  
5 working or are currently working and would like to earn more  
6 income, based upon Hawaii's current medicaid income and asset  
7 limits, subject to approval of the federal Centers for Medicare  
8 and Medicaid Services. Medicaid buy-in task force meetings have  
9 been convened by the legislature on a regular basis since 2012,  
10 and several bills have been introduced to implement a medicaid  
11 buy-in program. The medicaid buy-in task force has supported  
12 the medicaid buy-in program as a means to enable workers with  
13 disabilities to be employed while protecting their medical  
14 benefits and supports.

15           The legislature also finds that the medicaid buy-in task  
16 force has recommended an alternate approach as an interim step  
17 to a medicaid buy-in program. The alternative would allow



1 individuals with disabilities to earn income and not lose their  
2 medicaid benefits, which would be a risk given current medicaid  
3 eligibility rules. While this interim program would not provide  
4 the full benefits of a medicaid buy-in program, such as  
5 disregarding the individual's assets, it would increase the  
6 amount of income that an individual may earn while retaining  
7 medicaid eligibility.

8       According to the medicaid buy-in task force, Hawaii is one  
9 of four remaining states in the United States that has not  
10 adopted this group coverage for working people with  
11 disabilities; the other three states are Alabama, Florida, and  
12 Tennessee. Persons with disabilities regularly report to case  
13 workers that they cannot accept work opportunities because they  
14 would lose their benefits. A medicaid buy-in program would  
15 allow working people with disabilities to retain the medical  
16 coverage they need, as primary or secondary coverage, by paying  
17 premiums on a sliding scale, as defined by the state and federal  
18 government. While the Hawaii Prepaid Health Care Act guarantees  
19 private health insurance to employees who work twenty hours or  
20 more a week for four consecutive weeks, the Prepaid Health Care  
21 Act may not meet the needs of working people with disabilities



1 who are unable to work the minimum required twenty hours per  
2 week. Of those who do work the minimum hours to qualify for the  
3 Prepaid Health Care Act, many still need to retain their  
4 medicaid coverage as secondary coverage to access home and  
5 community-based services.

6 The legislature concludes that it is advantageous for  
7 economic development in the State and in the best interests of  
8 Hawaii's citizens with disabilities to establish programs and  
9 policies that encourage their employment. The purpose of this  
10 Act is to require the department of human services to implement  
11 an earned income disregard program as an intermediate step to  
12 implementing a full medicaid buy-in program.

13 SECTION 2. (a) The department of human services shall  
14 allow an earned income disregard of one hundred thirty-eight per  
15 cent of the federal poverty level for people with disabilities  
16 who are between the ages of sixteen and sixty-four years, or a  
17 method of similar intent, when determining eligibility for  
18 medicaid.

19 (b) The department may adopt or amend its administrative  
20 rules in accordance with chapter 91, Hawaii Revised Statutes, as  
21 necessary to implement this Act.



1 (c) The department shall evaluate the earned income  
2 disregard program at least annually and assess whether, when,  
3 and how a full medicaid buy-in program may be implemented.

4 (d) The department shall submit a report to the  
5 legislature no later than twenty days prior to the convening of  
6 the regular sessions of 2020, 2021, and 2022, providing an  
7 update on the earned income disregard program and the viability  
8 of implementing a full medicaid buy-in program. The report  
9 shall include the department's findings, recommendations, and  
10 any proposed legislation, and the report shall identify  
11 resources needed to implement a full medicaid buy-in program.

12 (e) The department is encouraged to collaborate with the  
13 university of Hawaii center on disability studies for technical  
14 assistance and program evaluation.

15 SECTION 3. This Act shall take effect on July 1, 2050;  
16 provided that the earned income disregard program established in  
17 section 2 of this Act shall take effect upon approval by the  
18 Centers for Medicare and Medicaid Services.



**Report Title:**

Medicaid; Earned Income Disregard Program; Deaf and Blind Task Force

**Description:**

Requires the Department of Human Services to implement an earned income disregard program as an intermediate step to implementing a medicaid buy-in program. Requires reports to the legislature. Takes effect upon approval by the Centers for Medicare and Medicaid Services. Effective 7/1/2050. (SD1)

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